

# Star BUSINESS



## Inflation eases to 8.71% in March, but war-induced risks persist

STAR BUSINESS REPORT

Inflation eased to 8.71 percent in March, offering slight relief to consumers, but analysts warn that prices may remain sticky in the coming months as the US-Israel war on Iran drives up costs and disrupts supply chains.

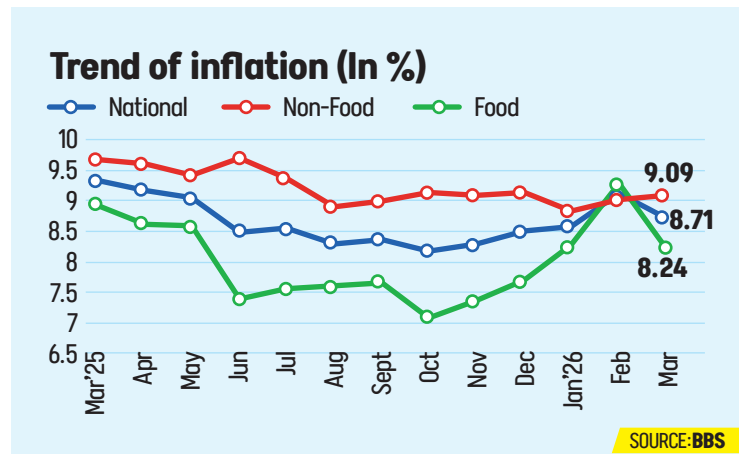
Food price inflation fell to 8.24 percent from 9.3 percent the previous month, according to data released yesterday by the Bangladesh Bureau of Statistics. Non-food inflation, however, edged up to 9.09 percent from 9.01 percent in February.

The moderation follows a spike to 9.13 percent in February, a ten-month high, when higher food prices ahead of Ramadan and increased election-related spending fuelled demand, pushing the Consumer Price Index.

Md Deen Islam, professor of economics at Dhaka University, said, "Food prices carry a large weight in the consumer basket, and the decline in inflation might be driven mainly by a moderation in food prices."

Three factors -- improved supply of food due to no major climate shock, the lagged effects of relatively tighter monetary policy, and subdued aggregate demand -- may have helped contain overall price increases, he added.

However, the persistence and slight increase in non-food inflation to 9.09 percent signal that underlying cost pressures in the economy remain strong, noted the professor.



"Non-food components such as energy, transport, and imported goods continue to be affected by exchange rate depreciation and elevated global prices," he said.

Bangladesh has been grappling with stubborn inflation for more than three years, with the burden falling hardest on poor and low-income households, who spend a disproportionate share of their earnings on food.

In March, rural inflation was marginally higher at 8.72 percent compared to 8.68 percent in urban areas.

Zahid Hussain, former lead economist at the World Bank's Dhaka office, said food inflation above 8 percent shows that price pressures persist.

"A slight easing in March is not unusual, but it does not mean inflationary pressure has disappeared," he said.

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## Evening shop closure risks hurting 60% of retail sales

Say businesses, proposing shop hours from 1pm to 9pm and smart energy management

### CONCERN AMONG RETAILERS



#### POLICY AND TIMING

Peak commercial hours wrongly targeted

Shops now close at 7pm

Proposed shift: 1pm to 9pm



#### ECONOMIC IMPACT

Early closure risks sales, jobs, VAT

VAT may fall 15-20%

Sector employs millions nationwide

Eid-ul-Azha sales may be impacted



#### DEMAND AND CONSUMER BEHAVIOUR

Evening drives 60% sales

Evening footfall crucial for demand



#### ENERGY CONTEXT

Marginal energy savings expected

Retail uses minimal electricity share

JAGARAN CHAKMA

Retailers have expressed reservations about the government's order to shut shops by 7pm, saying that it could deal a heavy blow to businesses, as nearly 60 percent of daily retail sales take place after dusk, making the evening hours the lifeblood of the sector.

They say the government's early closure move, meant for saving energy, may do little to ease the strain as retail businesses account for only about 3 percent of national energy consumption. And as summer sets in and temperatures rise, electricity use during the day far exceeds that of the evening, when cooling loads usually fall.

Apart from hitting sales, businesses say cutting off the peak trading window will affect employment and government revenue.

In the wake of a fuel crisis caused by the US-Israel war on Iran, the government last week announced that shops and malls across the country would close at 6pm. The decision was due to take effect yesterday.

Business leaders, however, urged the prime minister to allow shops to remain open until 8pm. In response,

the government yesterday extended the deadline by one hour to 7pm.

Even so, top business figures said the measure would wipe out a large share of sales and might not resolve the energy problem.

"Most people are at work during the day and not shopping. Restricting those evening hours does not just inconvenience customers, it cancels purchases that would not otherwise happen at all," said Kamruzzaman Kamal, marketing director at PRAN-RFL Group, one of the largest local conglomerates.

PRAN-RFL Group runs around 3,000 outlets nationwide and employs a large workforce, including full-time and part-time staff.

Kamal said reduced operating hours could affect jobs, particularly part-time workers such as students who depend on evening shifts.

According to estimates, the retail sector employs around 84 lakh to 1.20 crore people and contributes around 14 percent to 15 percent of GDP. For many, fewer working hours mean lower incomes.

Industry estimates also suggest that cutting evening trade could reduce value-added tax (VAT) receipts by 15 percent to 20 percent.

Khalid Mahmood Khan, co-founder and chief executive of fashionwear retailer Kay Kraft, said shops draw more electricity during the day because of higher cooling loads.

"Therefore, the government's early closure policy raises questions about whether it saves energy or simply moves the pain around," said Khan, also the senior vice president of the Fashion Entrepreneurs Association of Bangladesh.

He said tightening peak-hour operations would disrupt buying patterns, reduce tax receipts and affect the production networks that feed into retail.

Saikat Azad, head of distribution at Transcom Electronics, described what the early closure policy looks like from the shop floor.

"By the time customers get through the traffic and summer heat to reach a mall, the shutters are already down," said Azad.

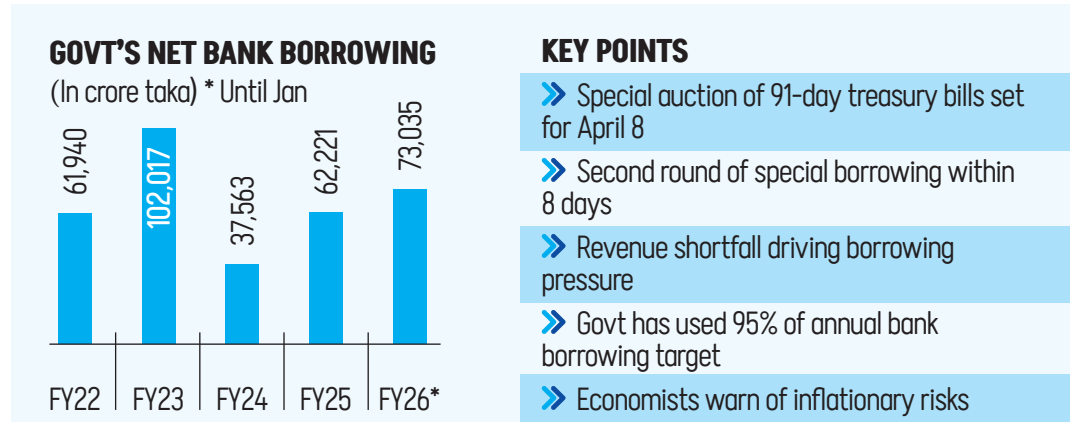
"For us, that lost window means lost revenue, and the VAT and tax implications follow directly," he commented.

Azad said the consumer outlook is already shifting. "With fuel shortages and

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## Govt to borrow Tk 5,000cr more from banks

This will push total bank borrowing well past the full-year target



STAR BUSINESS REPORT

The government is set to borrow an additional Tk 5,000 crore from the banking sector through a special auction of 91-day treasury bills on April 8, according to Bangladesh Bank (BB) officials.

This will be the new government's second such off-cycle borrowing in just over a week, which will effectively push the total bank borrowing for the fiscal year 2025-26 (FY26) well past the full-year target set in the budget.

The surge in borrowing comes as the government struggles to balance rising expenditure against weak revenue mobilisation.

Spending pressures have mounted from several fronts: emergency fuel oil purchases amid elevated global energy costs linked to the US-Israeli war on Iran, new welfare initiatives including the family card scheme and farm loan waivers, and broader expansion in public outlays, said officials familiar with the matter.

Election expenditure by the interim

government had also drained state funds.

At the same time, the National Board of Revenue fell short of its eight-month collection target by 28 percent, leaving a gap of Tk 71,472 crore.

According to central bank data, the government had already raised Tk 5,000 crore through a similar special auction on April 1. Combined with regular borrowing, the two tranches will effectively breach the Tk 1,04,000 crore ceiling set for banking system borrowing in the FY26 budget.

Between July last year and April 1, the interim government and the new BNP-led government had together borrowed at least Tk 1,03,526 crore, or 99.54 percent of the annual target, with nearly three months of the fiscal year still remaining.

A year earlier, net borrowing over the same period stood at Tk 27,739 crore.

Of the amount borrowed so far this fiscal year, Tk 17,386 crore came from the central bank

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## Stocks plunge amid war, energy tensions

MD ABU TALHA SARKER

Bangladesh's stock market fell to a nearly two-and-a-half-month low yesterday, with the benchmark index dropping more than 2 percent amid rising concerns over global energy prices following escalating tensions in the Middle East.

The DSEX, the prime index of the Dhaka Stock Exchange, declined by 107.46 points, or 2.06 percent, to close at 5,112.27. The index last hovered near this level on January 26.

Market participants attributed the downturn to growing uncertainty surrounding the conflict involving the United States, Israel and Iran, which has heightened fears of prolonged energy price volatility.

"As tensions escalated over the weekend, investors became concerned that energy prices could rise further or remain elevated for a longer period," said Asif Khan, chairman of EDGE AMC (Asset Management Company) Limited.

The other two indices on the DSE also declined.

The shariah-based DSES fell 18.47 points, or 1.74 percent, to 1,041.10, while the blue-chip D30 index dropped 35.02 points, or 1.77 percent, to 1,945.34.

Turnover stood at Tk 512 crore, down 18.21 percent from the previous trading session. The pharmaceuticals sector dominated trading, accounting for 17.1 percent of total turnover.

Block market transactions amounted to Tk 17.51 crore, representing 3.4 percent of the day's turnover.

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## RMG tax breaks may be phased out: NBR chief

STAR BUSINESS REPORT

The current reduced corporate tax rates of 10 to 12 percent for the ready-made garment (RMG) sector may not last much longer, said National Board of Revenue (NBR) Chairman Md Abdur Rahman Khan.

Speaking at a pre-budget meeting with stakeholders at the NBR headquarters in Agargaon yesterday, Khan signalled a gradual return to the standard corporate tax rate of about 27.5 percent.

Export-oriented knitwear and woven garment manufacturers, along with green certified factories, currently enjoy lower corporate tax rates of 10 percent and 12 percent, respectively. These incentives are designed to boost exports and encourage sustainable industrial practices.

However, Khan said these incentives are temporary and could be removed as part of wider tax reforms to ensure fairness.

"Such reduced rates won't last long," he said during a discussion at the meeting with the Women Entrepreneurs Network for Development Association (WEND) on corporate tax incentives for women-led businesses.

He added that exporters already enjoy a 50 percent income tax exemption on export earnings, which greatly lowers their actual tax burden. For example, with the standard corporate tax rate at 27.5 percent, the exemption reduces the effective rate to about 12 percent.

Nadia Binte Amin, president of WEND, suggested equalising corporate tax rates and reducing the 1 percent tax deducted at source (TDS) on export earnings for fully women-owned businesses.

She also proposed a 10 percent tax rebate for companies investing in research and development, innovation, training,



and sustainable development. AMCHAM PROPOSALS AHEAD OF BUDGET

The American Chamber of Commerce in Bangladesh (AmCham) shared its budget recommendations at the meeting. They proposed rationalising the current 1 percent minimum tax on annual turnover.

Khan responded that there is pressure to increase, not reduce, the minimum tax.

AmCham also suggested maintaining a level playing field in the banking sector by applying a uniform 37.5 percent tax rate to both foreign and local commercial banks.

Additionally, they recommended lower tax rates for Offshore Banking Units (OBUs), similar to other Asia-Pacific countries, where rates range from 0 to 20 percent.

"These measures would attract more foreign direct investment, improve exporters' competitiveness, and increase overall investment and revenue," said AmCham President Syed Ershad Ahmed.

Other proposals included reducing the supplementary duty on carbonated and sweetened beverages from 30 percent to 15 percent, simplifying procedures under Double Taxation Avoidance Agreements (DTAA), speeding up certification processes, introducing a standard foreign currency conversion method in line with

READ MORE ON B3

## Prime Bank declares 30% dividend for 2025

STAR BUSINESS DESK

Prime Bank PLC has declared a 30 percent dividend for 2025, including 25 percent in cash, according to a press release.

The decision was taken at a board meeting held at the bank's head office in Dhaka yesterday.

The bank reported a 24 percent year-on-year growth in net profit after tax (NPAT), which rose to Tk 910 crore in 2025 from Tk 732 crore a year earlier.

Earnings per share increased to Tk



7.84, up from Tk 6.31 in the previous year.

Net asset value (NAV) per share and net operating cash flow per share (NOCFPS)

stood at Tk 40.00 and Tk 58.07, respectively.

Total assets amounted to Tk 64,890 crore at the end of December 2025.

The bank's capital to risk-weighted assets ratio (CRAR) stood at 18.07 percent, one of the highest in the banking industry.

The annual general meeting (AGM) is scheduled for May 21, 2026, while the record date has been set for April 28, 2026.

The dividend declaration reflects the bank's focus on delivering sustainable returns to shareholders while maintaining a strong financial position, the release added.

## Midland Bank organises leadership workshop for female employees



Workshop on "Leadership for Women at Work"



Zubayed Ur Rahman, head of human resources of Midland Bank PLC, poses for a group photograph with participants of the workshop, titled "Leadership for Women at Work", at the bank's training institute in Dhaka recently. PHOTO: MIDLAND BANK

STAR BUSINESS DESK

Midland Bank PLC has organised a special workshop, titled "Leadership for Women at Work", aimed at enhancing

the professional skills and leadership capabilities of its female employees.

A total of 41 female officials from various branches and divisions of the bank participated in the programme,

according to a press release.

Zubayed Ur Rahman, head of human resources of the bank, inaugurated the workshop as the chief guest at the bank's training institute in Dhaka recently.

Mohammad Tazul Islam, a professor at the Bangladesh Institute of Bank Management (BIBM); Md Mozaharul Islam, a senior principal officer at Janata Bank Limited; and Shushanta Shekhar Dev, head of the treasury division of Midland Bank PLC, conducted the sessions as resource persons.

They shared valuable insights on leadership, decision-making, professional development, and the role of women in the workplace.

The speakers emphasised that in modern banking, women are not just participants but key drivers of leadership, innovation, and strategic decision-making. Equal participation of both men and women is essential for building a sustainable and inclusive institution.

Midland Bank remains committed to supporting the growth and advancement of its female employees through continuous training, mentorship, and leadership development initiatives, the release added.

## Prime Bank launches first consumer loan against treasury bonds

STAR BUSINESS DESK

Prime Bank PLC has become the first bank in Bangladesh to launch a consumer loan facility backed by treasury bonds, marking a notable step forward in the country's banking sector.

The central bank issued guidance on April 2, 2026, and Prime Bank moved swiftly to disburse the first loan the following morning, underscoring its operational efficiency.

"This achievement reflects our ability to innovate within regulatory frameworks while delivering meaningful value to customers," said M Nazeem A Choudhury, additional managing director of the bank.

He added that the bank remains focused on introducing financial solutions that enhance accessibility, flexibility and efficiency.

The new product allows customers to access funds by borrowing against their treasury bond holdings, enabling them to meet financial needs without liquidating investments.

Officials said the initiative highlights the bank's commitment to customer-centric services in response to evolving market demands.

The rollout was supported by coordinated efforts among multiple teams, including the Gulshan branch, credit administration division, credit risk management and the wealth management unit, ensuring a smooth approval and disbursement process.

With this move, Prime Bank reinforces its position as an innovative financial institution, contributing to the ongoing development of Bangladesh's banking landscape, the release added.

## US tariffs review disappoints EU steel industry

AFP, Brussels

US changes to tariffs on steel and aluminium products were met with disappointment Friday in Europe, where manufacturers had hoped for a more favourable treatment.

President Donald Trump ordered an overhaul of US metal duties to simplify an onerous system for firms, alongside new tariffs on certain medicines.

"US tariff tweaks on steel derivatives are a step forward but in reality change little: the US 50 percent barrier to European steel introduced last year remains," commented Axel Eggert of European steel industry group Eurofer.

"For EU producers, this means continued disruption, growing uncertainty and mounting pressure across the entire value chain."

Under the changes laid out Thursday, finished products containing substantial amounts of steel, aluminium and copper will face a 25-percent tariff on their full value instead of a 50-percent rate based on the amount of metals they contain.

## Citizens Bank holds business review meeting

STAR BUSINESS DESK

Citizens Bank PLC recently held its "Quarterly Business Review Meeting of March 2026" at its head office in Motijheel, Dhaka to assess first-quarter performance and set strategies for the rest of the year.

Alamgir Hossain, managing director of the bank, presided over the meeting as the chief guest, according to a press release. Participants reviewed the bank's business performance for the January-March period, highlighting key achievements as well as areas needing improvement.

They also held detailed discussions on

prevailing macroeconomic conditions, associated challenges and their potential impact on the banking sector.

The meeting emphasised the need for proactive measures, stronger risk management and improved operational efficiency to navigate the current economic environment.

Officials outlined actionable strategies aimed at achieving business targets over the remaining months of 2026, urging employees to remain resilient, innovative and committed to sustaining growth.

Special focus was placed on expanding lending to SMEs, agriculture and other priority sectors to support the country's economic development.



Alamgir Hossain, managing director of Citizens Bank PLC, poses for a group photograph with participants of the bank's "Quarterly Business Review Meeting of March 2026" at its head office in Motijheel, Dhaka recently. PHOTO: CITIZENS BANK

## BRAC Bank-backed 'MT Omera Liberty' begins its maiden journey

STAR BUSINESS DESK

An Aframax oil tanker, MT Omera Liberty – the largest newly built vessel under the Bangladeshi flag – has recently begun its maiden voyage from South Korea.

Financed by BRAC Bank PLC, the tanker is owned by MJL Bangladesh PLC, a concern of East Coast Group.

The 250-metre-long vessel, with a carrying capacity of up to 115,000 tonnes of fuel oil, began its maiden journey on March 31, 2026.

The commissioning ceremony was held at Daehan Shipbuilding in South Korea on March 25, according to a press release. Azam J Chowdhury, chairman of East Coast Group, attended the event.

"We are proud to partner with MJL Bangladesh in financing the largest Bangladeshi-flagged oil

tanker," said Tareq Refat Ullah Khan, managing director and CEO of BRAC Bank.

"This milestone reflects our capability to deliver large-scale foreign currency financing in collaboration with global partners," he said, adding that the initiative would support trade growth, energy security and long-term economic development.

The addition of MT Omera Liberty is expected to enhance MJL Bangladesh's operational capacity, strengthen maritime logistics and support the country's growing energy demand.

Industry insiders said deploying large oil tankers will help reduce foreign currency outflows for fuel transportation, while opening opportunities to earn foreign exchange through international

freight services.

The move is also expected to create jobs for Bangladeshi maritime professionals, the release added.

Earlier, BRAC Bank arranged a \$95.77 million financing package for MJL Bangladesh to acquire two Aframax tankers – MT Omera Liberty and MT Omera Galaxy – marking the largest single-ticket foreign currency offshore term loan by a local private bank for the sector.

Among others, David Kim, chairman of Daehan Shipbuilding; Toufiqul Islam, Bangladesh ambassador to South Korea; Captain Minhazur Reza Chowdhury, chief executive officer of MJL Shipping; and Abu Sadat Chowdhury, area head -I, corporate, commercial and institutional banking of the bank, were also present.

## Vietnam growth slows as costlier energy tests target

REUTERS, Hanoi

Vietnam's economy slowed in the first quarter from the three months prior, data showed on Saturday, as heavy exposure to Middle Eastern oil imports boosted inflation, presenting a challenge in reaching an annual growth target, authorities said.

Gross domestic product grew 7.83 percent in the quarter from January to March over the corresponding period a year earlier, but below 8.46 percent in the fourth quarter, the National Statistics Office said in a report.

"The pressure from rising input costs and energy prices on inflation remains, posing challenges for

economic governance," the NSO added on Saturday.

Consumer prices rose 4.65 percent in March on the year, driven by a surge of 10.81 percent in transport costs, it said, accelerating from a rise of 3.35 percent in February.

This year's growth target of at least 10 percent is under pressure as the Southeast Asian economy imports more than 80 percent of crude oil supplies from the Middle East, where the Iran war, now in its sixth week, has disrupted shipments.

"Entering the second quarter, Vietnam's socio-economic situation continues to face obstacles, and meeting the 2026 growth target

remains a big challenge," said NSO Director Nguyen Thi Huong.

Rising fuel prices have spurred Vietnamese airlines to scale back operations and government efforts to cut costs, such as reducing taxes on fuel, subsidising prices and encouraging remote work to reduce consumption. Growth was up from the 7.05 percent on-year expansion of the first quarter of 2025.

Exports rose 20.1 percent in March to \$46.44 billion from a year earlier, the report said. March industrial production rose 6.9 percent from a year earlier, but slowed from growth of 8.6 percent in the corresponding month last year.



Azam J Chowdhury, chairman of East Coast Group, poses for a group photograph with the crew of the newly commissioned MT Omera Liberty and senior officials of the shipbuilding company at Daehan Shipbuilding in South Korea recently. PHOTO: BRAC BANK

## Pharma logistics in demand

FROM PAGE B4

As the US-Israeli war against Iran has impacted global shipping, "we are seeing that some customers are requesting increased storage volumes here, which are essential for their production, in order to ensure the availability of raw materials," she told AFP during a visit to the site.

**SUPER-COLD STORAGE**

The fragility of global supply chains remains a constant concern, even though Hoelter said the Florstadt site is less dependent on shipping through the troubled Strait of Hormuz than on the Suez Canal, which remains open.

Despite repeated global crises, the logistics sector continues to expand, as does the drug industry.

According to healthcare data analytics firm Iqvia, the global pharmaceutical market could exceed \$2.6 trillion by 2030, driven by the United States as well as major emerging markets.

In the therapeutics sector, cancer and weight management treatments show the highest growth prospects, according to the LBBW bank.

For the DHL Group, also known as Deutsche Post, the logistics business – particularly in the pharma sector – is helping to offset losses from the decline in mail and disruptions to trade caused by conflict and tariff wars.

In Florstadt, automated procedures coexist with manual handling at fixed workstations, such as preparing a single contact lens ordered by an optician for a specific patient for further shipping.

Strict safety and hygiene standards are key. Behind the glass of a sterile room, two employees in full protective suits could be seen extracting an insulin component from a large vat to send a test sample to a customer.

"We are able to simulate any regulatory requirements here," said Hoelter.

"This covers all possible temperature ranges," she said, adding that they can be dropped "as low as minus 80 degrees (Celsius) to account for the varying sensitivities of individual products."

**US INVESTMENT RUSH**

The first warehouse at the site

opened in 2015, dedicated to distributing medications from a laboratory of the pharmaceuticals firm STADA.

It has since grown into a four-building complex with storage capacity for 140,000 pallets and room for more.

DHL plans to invest two billion euros (\$2.3 billion) worldwide by 2030 in pharmaceutical logistics, about a quarter of it in Europe.

Half will go to North America, mainly the United States, where European drugmakers are relocating some production in response to President Donald Trump's tariffs and his efforts to lower drug prices.

In five years, the DHL division's revenue is expected to double, reaching 10 billion euros, compared to 84 billion euros for the group last year.

Hoelter said this growth reflects a broader trend among drugs companies to outsource logistics and other work, so that they can "focus on their core businesses; pharmaceutical research and production".



Farm workers spread and turn corn grains under the scorching sun in Premtoli area of Godagari, Rajshahi. This season's widespread corn cultivation yielded about 40 maunds per bigha. After harvesting and threshing, grains are dried in fields and on roads and sold at Tk 1,160 per maund, though farmers said slightly higher prices would have increased profits. The photo was taken recently.

PHOTO: AZAHAR UDDIN

# Telecom experts call for abolishing voice floor price

Mandatory minimum voice call rate should be phased out, they say

STAR BUSINESS REPORT

Telecom experts yesterday called on the government to phase out the country's mandatory minimum voice call rate, known as voice floor price, arguing that the Tk 0.45-per-minute rate, unchanged since 2018, is hindering digital inclusion and placing an undue burden on low-income users.

The call came during a policy seminar, titled "Steps the New Government Should Take to Make Mobile Services Citizen-Friendly", organised by the Telecom and ICT Policy Advocacy Platform (TIPAP) and the Voice of Reform, at BDBL Bhaban in Karwan Bazar.

Moderated by TIPAP co-convenor Fahim Mashroor, the seminar featured a keynote presentation, titled "Removal of Voice Floor Price: Paving the Way for Digital Progress in Bangladesh" by Mahtab Uddin Ahmed, former managing director of Robi.

"When the floor was introduced in August 2018, 4G had just been launched, only 18 percent of the population used the internet, and smartphone household penetration was around 28 percent," said Ahmed, a telecom consultant.

"Now 4G covers nearly 100 percent of the country, 5G trials are underway, and household smartphone ownership has risen to 72.8 percent. The rationale for maintaining the floor price has completely expired."

He noted that Bangladesh remains one of the few countries globally still enforcing such a minimum rate, adding that it disproportionately affects rural and low-income users who cannot access free internet-based voice services like WhatsApp or other OTT platforms.

Ahmed presented data showing that the floor price adds roughly Tk 387 crore in monthly revenue to operators, largely at the expense of ordinary citizens.

"The bulk of this revenue has come

from the lower income population, who still rely heavily on traditional voice calls," he said.

Using figures from the fiscal year 2023-24 (FY24), Mahtab pointed out that Grameenphone posted a 60 percent earnings before the deduction of interest, taxes, depreciation and amortisation (EBITDA), a financial metric used to evaluate a company's core operating performance and cash flow margin.

Robi's EBITDA was 51.1 percent, and Banglalink's was around 43-44 percent.

"Operators are profiting; citizens are not," he said.

Ahmed proposed a six-point reform roadmap, including a gradual reduction of the voice floor from Tk 0.45 to Tk 0.00 by the end of 2026, with quarterly reductions of Tk 0.15. Fahim Mashroor highlighted the broader implications of the minimum voice call rate for Bangladesh's digital economy.

"Millions of citizens, particularly in

rural areas, are paying above-market rates for basic voice calls. Gradual removal of the floor, with proper safeguards, is not a threat to the industry-- it is the most consequential regulatory reform we can make to expand digital inclusion, empower fintech, and enhance regional competitiveness," he said.

Mohammad Farhan Alam, assistant director of the systems and services division of the Bangladesh Telecommunication Regulatory Commission (BTRC), supported the call for a careful, phased approach.

"A cost review has not been conducted since 2018," he said.

"Gradual removal [of the voice floor price] will benefit consumers while giving operators time to adjust."

Shahed Alam, chief corporate and regulatory affairs officer at Robi Axiata, suggested that a comprehensive cost study should be conducted before removing the voice floor price.

# BKMEA seeks changes to amended labour law

STAR BUSINESS REPORT

The Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) has sought changes in the labour law, which was amended during the immediate past interim government, as the trade body claims their opinions were not addressed in the final gazette.

At a press conference at the trade body's Dhaka office yesterday, BKMEA President Mohammad Hatem said the definition of workers that was agreed upon in the meetings of the Tripartite Consultative Council (TCC) was not included in the gazette.

In the final gazette, the officers and executives of factories and companies have also been classified as workers.

Moreover, in the TCC meetings it was decided that if a factory management adopts the government-sponsored Progoti Universal Insurance Scheme, it would serve as the provident fund for them, Hatem said.

But in the final gazette, it was stated that workers must apply for the Progoti Universal Insurance Scheme to be entitled to the provident fund, he added.

Otherwise, factory owners will have to manage the provident fund separately for workers who did not apply for the Progoti Universal Pension Scheme. This results in double expenditure for factories, and management also needs to recruit separate officers to handle the provident fund, which is costly, he said.

The government should change these issues in the amended labour law before taking it to parliament for further debate, the BKMEA president said.

# Opec+ hikes oil output quotas

AFP, Vienna

The Opec+ oil cartel agreed on Sunday to again increase oil production quotas, while warning that repairing energy facilities, such as those damaged in the Middle East war, is "costly and takes a long time".

For the second month in a row, Opec+ countries -- which include key oil producers Russia and Saudi Arabia, as well as several Gulf countries that have been targets of Iranian airstrikes -- agreed to raise quotas by 206,000 barrels per day (bpd) from May.

But Opec+ warned that damage to energy infrastructure increases oil market volatility, potentially hitting global supplies well into the future.

Its statement also stressed "the critical importance of safeguarding international maritime routes to ensure the uninterrupted flow of energy".

The text did not mention the Iran war directly, but the conflict -- which has roiled global energy markets and caused prices to surge -- clearly weighed on the decision.

# Sri Lanka struggles to avert economic collapse over war

AFP, Colombo

Sri Lanka is struggling to prevent a repeat of its spectacular economic collapse four years ago, as the prolonged Middle East war compounds the fallout from a deadly cyclone in November.

President Anura Kumara Dissanayake has rationed fuel, raised its price by a third and increased electricity costs by up to 40 percent since the war began disrupting global energy supplies.

Panic buying fuel in Sri Lanka has brought back memories of 2022, when the economy tanked, with inflation hitting 70 percent after Colombo defaulted on its \$46 billion external debt.

The accompanying protests toppled the once-powerful president, Gotabaya Rajapaksa, who was accused of mismanagement and corruption.

But the Frontline Socialist Party (FSP) that led the "Aragalaya", or struggle, that ousted Rajapaksa has warned that Dissanayake's administration may be facing an implosion.

"We believe that a response to this economic crisis will come politically," FSP politburo member

Duminda Nagamuwa told AFP.

"Because of the strength of the (government's) mandate, this economic shock is still being absorbed by the people without exploding politically," he said.

Dissanayake's leftist JVP, or the People's Liberation Front, won a two-thirds majority at the November 2024 parliamentary elections after his own victory two months earlier in the presidential poll.

INTO AN ABYSS

A vendor at Colombo's Pettah night market, Wasantha Jayalath, 55, said he voted for Dissanayake in 2024 hoping for better times, but felt the situation was getting worse.

"We voted... thinking that a good, self-sufficient era would dawn for our country," Jayalath told AFP. "There is no such situation; instead, what we realise is that the country is going further into an abyss."

A trader at the capital's main wholesale market, Priyantha Sudharshana Silva, 53, is not blaming the administration for the crisis.

"Protesting won't help because the country is already in a difficult position," Silva told AFP. "We believe that moving forward, even with these difficulties, is a significant achievement."

# RMG tax breaks

FROM PAGE B1

international practices, and rationalising withholding tax rates.

AmCham also highlighted the need to promote digital financial inclusion and support sustainable industries. Their recommendations included lowering duties on smart cards and POS machines, offering incentives for digital payments, rationalising minimum tax rates, and

creating a fully digital, time-bound tax refund system.

The meeting was attended by representatives from several business chambers, including EuroCham Bangladesh, Bangladesh-China Chamber of Commerce and Industries, and India-Bangladesh Chamber of Commerce and Industry, who shared their proposals ahead of the 2026-27 fiscal year budget.

# Inflation eases to 8.71%

FROM PAGE B1

Birupaksha Paul, professor of economics at the State University of New York, echoed the sentiment, saying the decline in inflation is not significant. "Expected inflation is on the rise and most of it is fear driven."

Ashikur Rahman, principal economist at the Policy Research Institute (PRI), said the March moderation should be read with caution.

"The spike observed in February was largely driven by a temporary surge in consumption, typically associated with heightened political and electoral activity.

"Such demand-side pressures tend to be short-lived, and the subsequent correction in March reflects the dissipation of this transient effect rather than a structural easing of inflationary pressures," he said.

The economist pointed out that the broader inflation outlook remains fragile. Rising global fuel costs from the Middle East conflict could force adjustments in administered energy prices, with direct and second-round effects on transport, production, and food supply chains.

Besides, he added, "Supply chain disruptions stemming from the conflict could elevate import costs, particularly for essential commodities, thereby feeding into domestic inflation."

Hussain, meanwhile, noted that government-set fuel prices remained

unchanged, with even an expected April adjustment deferred. "If fuel prices had been adjusted at the pump level, the impact would have shown up in the CPI," he said. "But the impact is inevitable."

For instance, he pointed out that the exchange rate already saw an impact in March. In the interbank market, the rate increased by nearly one taka. But the effect of that on import prices will take time -- likely showing up in April -- because payments for March imports were largely made earlier.

Prof Islam said the divergence between declining food inflation and rising non-food inflation suggests the recent improvement is narrow and not yet indicative of a broad-based disinflation. He expects inflation to remain relatively sticky in the near term, with the Middle East conflict posing a significant upside risk.

In this context, PRI's Rahman said macroeconomic management must stay vigilant.

He backed Bangladesh Bank's contractionary monetary policy stance as "necessary to contain demand-side pressures," but added that monetary policy alone would not suffice.

"Complementary fiscal discipline and targeted supply-side interventions, particularly to stabilise food markets, will be critical in anchoring inflation expectations and safeguarding macroeconomic stability in the months ahead," he said.

# Stocks plunge amid war

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Among the major turnover leaders, Asiatic Laboratories Limited fell 4.52 percent, followed by ACME Pesticides Limited (3.81 percent), Summit Alliance Port Limited (0.99 percent), and Dominage Steel Building System Limited (1.35 percent).

Out of the traded issues, only 25 advanced, while 354 declined and the rest remained unchanged.

According to a daily market update by Shanta Securities, the downturn

was driven by negative movements in travel and leisure, banking, and paper and printing stocks, despite gains in debentures, information technology and miscellaneous sectors.

No sector ended in positive territory, with mutual funds, ceramics and jute among the worst performers, said UCB Stock Brokerage Limited.

At the Chittagong Stock Exchange, the CASPI index also declined, shedding 228.40 points, or 1.55 percent, to close at 14,473.09.

FROM PAGE B1

transport disruptions adding uncertainty, households are already pulling back. Non-essential purchases are being put off as people are repairing old appliances rather than replacing them."

He added that sales during the last Eid were weak. With shorter operating hours and logistical strain, the upcoming season could be worse if sales centred on the upcoming Eid-ul-Azha falter.

He said that none of the effects would remain isolated. "When one slows, others follow. Reduced cash flow at one end ripples across the market, shrinking overall activity."

Against the backdrop of energy shortages and a tight business climate, Syed Nasim Manzur, managing director of Apex Footwear, proposed an alternative aimed at striking a better balance.

# Govt to borrow Tk 5,000cr

FROM PAGE B1

directly, Tk 71,575 crore from commercial banks, and Tk 9,564 crore from non-bank sources.

As per the FY26 budget, borrowing targets from non-banking systems and foreign sources were set at Tk 21,000 crore and Tk 96,000 crore respectively.

Analysts note that borrowing directly from the central bank carries particular inflation risks. However, a structural factor has enabled the current pace of commercial bank borrowing: anaemic private sector credit demand.

Private sector credit growth fell to a decade-low of 6.03 percent in January and remained unchanged in February, BB data show. With few private borrowers, commercial banks have been willing to lend to the government instead.

"The government generally

He suggested shifting shop hours from 1pm to 9pm. The idea is to reduce electricity use during the hotter midday peak while keeping the busy evening hours intact.

Rather than imposing blanket closures, the footwear manufacturer advocated "smart load management", including keeping air conditioners at 25 °C or above, reducing decorative lighting in malls, adopting energy-efficient equipment and enforcing stricter discipline over energy use at the store level.

Setting out the broader picture, he said the commercial sector accounts for 8 percent to 10 percent of national electricity consumption, with retail contributing just 2 percent to 3 percent.

"Closing shops early would impose heavy economic costs for only marginal energy savings," added Nasim Manzur.

The government finances budget deficits and public expenditure by issuing treasury bills -- short-term instruments -- and bonds for longer tenors. These are sold through the central bank to commercial banks, financial institutions, and individual investors, and are considered low-risk investments.

With banking system borrowing already at the annual ceiling and the fiscal year not yet done, economists warn the trajectory raises fresh concerns about inflation, crowding out private investment, and longer-term fiscal sustainability.



Watermelon prices have cooled at the field level after Eid, owing to weak demand. This photo was taken recently at the wholesale watermelon market of Port Road in Barishal, adjacent to the Kirtankhola river.

PHOTO: TITU DAS

# Watermelon farmers in south suffer despite bumper harvests

Low demand after Eid caused sharp fall in farmgate prices, growers say

SUSHANTA GHOSH, SOHRAB HOSSAIN, and DIPANKAR ROY

A bumper harvest in the coastal districts of Barishal and Khulna had piqued watermelon farmers' hopes, yet they are now struggling to sell the summer fruit even at marked prices.

Low interest from wholesalers, rising transport costs, and a drop in demand after the month of Ramadan have added up to their plight.

The Department of Agricultural Extension (DAE) in Barishal had targeted watermelon cultivation on 62,687 hectares this season. Farmers exceeded this target, achieving about 113 percent, with a total of 70,662 hectares -- nearly 16,000 hectares more than last year.

Production is expected to exceed 2.8 million tonnes, up from around 2.1 million tonnes last year. The region now accounts for about 75 percent of the country's total watermelon production.

Wholesale transactions centring watermelon trade in Barishal alone exceeded Tk 4,500 crore last year and may reach around Tk 6,000 crore this season. At the retail level, market value could be up to three times higher.

However, the situation at the field level is bleak.

Riaj Mridha, a farmer from Nurabad union in Charlesson upazila of Bhola, said he spent around Tk 100,000 to cultivate watermelons. He harvested 2,200 watermelons and brought them to Barishal by trawler for sale.

He sold them for around Tk 200,000 but spent Tk 50,000 on transport, commissions, and labour costs.

"How much profit is left?" he lamented. The fruit, popular during Ramadan, has now lost demand, and prices have

dropped sharply, said Mosharrar Hossain, a farmer from Charlesson.

"We are facing heavy losses," he added. Nazrul Islam Sikdar, additional director of the DAE in Barishal, said farmers are not receiving the expected prices.

"Farmers are even leaving produce unharvested in some cases. The fuel crisis is the main reason behind this situation,"

wholesale traders' enthusiasm and hiked up retail prices. The gap between farm and retail prices has widened more than threefold.

Farmers sell medium to large watermelons at Tk 50 to Tk 90 per piece, while retail prices range from Tk 100 to Tk 500.

Jasim Sardar, owner of Sagar Fruit

brought under watermelon cultivation this year -- about 7,000 hectares more than last season.

Mohammad Amanul Islam, deputy director of the DAE in Patuakhali, said favourable weather ensured good production, but prices fell as supply increased.

Some coastal farmers harvested early to profit from high demand during Ramadan.

However, farmers are not getting the expected prices in wholesale markets as demand has now dropped.

"Although retail prices range between Tk 100 and Tk 400 per piece, we are forced to sell at nearly half the price in wholesale markets. In many cases, we are incurring losses," said Nazrul Mia, a farmer from Haridebpur in Galachipa.

**SURE PROFIT TURNS INTO GAMBLE**

Dakop upazila remains the largest watermelon-producing area in Khulna, with around 6,800 acres under cultivation this season -- more than half the district's total.

Despite good production, falling prices have left farmers concerned.

The district's DAE said early-harvested watermelons from Patuakhali had saturated markets in Khulna early, pushing prices down. As a result, Dakop farmers did not get the expected prices.

Local farmer Nixon Mondal said watermelon farming, once profitable, has now become akin to "gambling."

Meanwhile, in Khulna, watermelon was grown on 17,291 hectares last year, dropping to 12,930 hectares this year.

Nazrul Islam, deputy director of the DAE in Khulna, said many farmers failed to recover production costs last year, reducing interest in watermelon farming and shrinking cultivated area.



he said. Kamal, a trawler owner operating along the Kirtankhola River, said he often has to buy fuel at prices 30 percent higher than usual from retailers.

"Transporting goods to Dhaka now costs around Tk 40,000, up from Tk 20,000 to Tk 22,000," said Abdur Rob, a transport company staff member on Port Road, Barishal.

"Trips that previously took 8-10 hours now take 24-30 hours, increasing the cost of transporting perishable goods," he added, blaming frequent and long refuelling stops for the delay.

Rising transport costs have dampened

Bhandar, a wholesale trader on Port Road, said fewer traders are coming to purchase watermelons, resulting in weak demand despite ample supply.

Wholesale trader Ganesh Dutta acknowledged the significant gap between wholesale and retail prices.

"We sell large watermelons weighing 8 to 12 kilogrammes for Tk 120 to Tk 200, but in retail markets they are priced at Tk 400 to Tk 550," he said.

**WHEN BOON BECOMES BANE**

Patuakhali accounts for nearly half of watermelon cultivation in the Barishal division. According to the DAE, around 35,000 hectares of land have been

# Demystifying CSR

MAMUN RASHID

We often confuse charity with CSR (corporate social responsibility), and label all sorts of activities as CSR. I once heard the chief executive officer of a bank describe sponsoring Indian Idol singers at a social club as CSR. Another claimed compliance with regulatory norms was CSR. At a television talk show, a chamber leader repeatedly urged banks to reduce SME loan interest rates as part of their CSR. Mid-ranking defence personnel once wrote to a bank seeking CSR funds to develop a golf course. Perhaps the height of it was the Bangladesh Bank allocating part of its CSR fund to champion a Yes vote during the last referendum. Some commercial banks followed.

CSR goes far beyond charity. It is not simply about donations to good causes. It is a year-round responsibility that companies should accept to serve the community. It must be integrated with corporate values, culture and business strategy, and contribute to long-term sustainability. Profits should reflect core values and adherence to best practice. CSR is more than engagement with the local community. Brand value does not rest only on quality, price or uniqueness. It also depends on how companies treat their workforce, interact with communities and manage their environmental impact. Performance is judged not only by inputs but by outcomes, by the difference made each day and the contribution to sustainable development.

CSR calls for finding a niche as an ethical organisation. From a business perspective, the question is how a competitive advantage can be created, or even a niche product developed, through CSR. Innovation comes from looking ahead to environmental and social trends and planning for opportunities in that changing landscape. To identify a future niche, a business must watch trends constantly, stay alert to its environment and recognise the product client mix to which it is uniquely suited. Even today, CSR is often seen as charity. In reality, the reverse is true. Charity can be part of CSR, reflecting a corporation's contribution to the community in which it operates.

CSR creates a broader picture when a company voluntarily integrates economic, social and environmental concerns into its business and communicates transparently with stakeholders. Yet companies interpret their duty to society in different ways. For some, it forms part of CSR. For others, it falls under corporate citizenship. Large companies often present such initiatives as a commitment to responsible corporate citizenship and industry partnership. Done properly, CSR can advance economic and social well-being and help people realise their full potential. Corporate governance runs alongside it. It shapes how companies operate within regulations and how they manage business processes to deliver a positive impact on society.

In that sense, CSR and social reporting amount to corporate governance in action. They ask whether companies conduct business responsibly, how they are perceived by clients, regulators and stakeholders, and whether they support national visions for economic and social development. They also raise a harder question: are companies backing the right causes in the name of charity, or simply attaching their name to convenient projects?

Despite years of debate, there is still no clear consensus on what CSR truly means or how much value it adds. Too often, it is reduced to glossy reports and carefully crafted public relations campaigns. For some businesses, CSR represents an opportunity to strengthen competitiveness and build long-term value. For others, it appears to be a distraction from core commercial objectives or even a potential threat to profitability. However, CSR has continued to develop well beyond its philanthropic and community roots with a growing focus on the business case, making the business a socially responsible one and different from the crowd.

The writer is an economic analyst and chairman of Financial Excellence Ltd



# Pharma logistics in demand as war rattles supply chains

AFP, Florstadt

Medicines can stop pain, fight cancer and save lives but are worthless if they get lost in the mail, spoil in a hot warehouse or are stuck on a ship.

This is where pharmaceutical logistics comes in -- a fast growing sector in a world where key supply chains have been shaken by war, pandemic and trade chaos.

One of its European hubs is what Germany's DfL calls its health logistics campus near Frankfurt, dedicated to ensuring drugs and other crucial medical products reliably get to where they're needed.

As fears of medicine shortages grow amid the five-week-old Middle East war, its task is to ensure steady shipments to hospitals, pharmacies, labs and other customers across Europe and worldwide.

The company's facility -- the size of 14 football fields, with its roofs covered in solar panels -- is located in Florstadt outside Frankfurt, itself a transport centre in the middle of Europe.

Products passing through the giant site range from insulin capsules and lifestyle drugs to medicated sunblock and drums of sulphuric acid.

Strict temperature controls and workers in protective suits ensure that medicines are handled under sterile conditions and in guaranteed cold chains.

"Our 600 employees are specially trained because they know that, ultimately, the patient is at the end of the supply chain and no errors are allowed," said Katrin Hoelter, head of DfL's logistics division in Germany and the Alpine countries.

READ MORE ON B2

AFP, Brussels

With the war in the Middle East sending global fertiliser prices soaring, the EU is coming under pressure from farmers and some member states to take action.

Agriculture sector representatives are due in Brussels for talks with the European Commission on April 13, as many complain the conflict risks plunging an already strained industry into a deeper crisis.

"The situation is very dire," lamented Amaury Poncet, a cereal farmer in central Belgium.

This winter he bought fertilisers for 380 euros (\$439) a tonne, up from 330 euros last summer, he noted. "And since things flared up in Iran, prices are going further up," he told AFP.

About a third of fertilisers shipped by sea reach the global market through the Strait of Hormuz that Iran has effectively closed in retaliation against US-Israeli strikes.

That sent prices up, with the UN expressing concern in particular about the impact on developing countries.

In Europe, the price of nitrogen fertilisers, which are derived from gas, has risen by around 20 percent over the

past month, and is approaching 500 euro per tonne -- a one-two punch for farmers already facing higher costs because of the war in Ukraine.

Cereal producers, who need vast amounts of the stuff, have been hit

particularly hard, said Luc Vernet of Farm Europe, an agriculture sector think tank.

"They haven't been able to make a living for the past three years," he said.

In France alone, about 300,000 hectares of land once used for cereal

farming has been left fallow or abandoned since 2022, he said.

**'STRATEGICALLY IMPORTANT'**

Brussels, which has slapped high tariffs on fertilisers from Russia -- a major producer -- with plans to end imports by 2022 in a bid to hit Moscow's war coffers, has found itself again the target of requests for help.

France and farmers groups are pushing for a pause in the application of the EU's carbon border tax on fertilisers.

But the commission, which has promised an action plan for May, has so far ruled that out.

Supporters point out that the levy targets carbon-intensive imports to level the playing field for European industries subject to strict emissions rules, noting their development is key if Europe wants to avoid a similar crisis in the future.

The crisis sparked by the Iran war has made it "clear that maintaining strong domestic fertiliser production is strategically important for Europe", said Fertilizers Europe, an industry group.

A commission spokeswoman said the EU executive was continuously monitoring prices and has already "taken several measures to help farmers with affordability of fertilisers".



A farmer prepares to use urea fertiliser in his cornfield in La Planche near Nantes, France. In Europe, the price of nitrogen fertilisers, which are derived from gas, has risen by around 20 percent over the past month.

PHOTO: REUTERS/FILE